

**Social Security Administration
Service Contract Inventory (SCI)**

FY 2013 SCI Analysis Report

FY 2014 SCI Analysis Plan

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Background

The Consolidated Appropriations Act, 2010, Public Law 111-117, requires civilian agencies to prepare an annual inventory of their service contracts and to analyze the inventory to determine if the mix of Federal employees and contractors is effective or if rebalancing is necessary. The Office of Management and Budget's (OMB) *Service Contract Inventories* memorandum dated December 19, 2011, provides guidance for developing the service contract inventory and analysis. As required, we completed our fiscal year (FY) 2012 analysis and posted it on our website at <http://www.ssa.gov/sci/>.

1. Scope

The SSA Office of Acquisition and Grants (OAG) conducted an analysis of its service contract inventory to determine if contract labor SSA using service contracts in an appropriate and effective manner, and if the mix of federal employees and contractors in the agency is effectively balanced. OMB classified contract functions by Product Service Codes (PSCs), and identified a number of PSCs as being "Special Interest Functions" based on the nature of the work performed.

In compliance with OMB guidance and after considering multiple contract functions, we selected the following product service codes (PSC) from the FY 2013 SCI.

PSC	FY 2013 Obligations	Number of Contracts
D307: IT and TELECOM- IT Strategy and Architecture.	\$12,235,361	7

2. Methodology

A senior Contracting Officer in OAG reviewed the specific contract files in this PSC to understand the nature of the work being performed, conducted telephone interviews with the cognizant Contracting Officers and Contracting Officer Technical Representatives for the contracts, and had these individuals reply to a questionnaire concerning their respective contract.

SSA reviewed each of these contracts by surveying the contracting officer (COs) and contracting officer's representatives (CORs) assigned to the contract. The results of the survey, which we summarized below, indicate that SSA takes appropriate steps to guard against improper reliance or overreliance on contractors.

In accordance with OMB's guidance, our review covered the following six items to ensure:

1. Each personal service contract in the inventory has been entered into, and is being performed, in accordance with applicable laws and regulations;
2. The agency provides special management attention to functions closely associated with inherently governmental functions, in accordance with Federal Acquisition Regulations 37.114;
3. The agency is not using contractor personnel to perform inherently governmental functions;
4. The agency has specific safeguards in place to ensure that work performed by contractors has not changed or expanded during performance to become an inherently governmental function;
5. The agency is not using contractor employees to perform critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations; and
6. There are sufficient internal agency resources to manage and oversee contracts effectively.

To ensure compliance with the Consolidated Appropriations Act, 2010, our review also included the following questions:

- Has the function been performed by Federal employees in the last ten years?
- Did we award the contract on a non-competitive basis?
- Has the contractor performed poorly as determined by a contracting officer?
- Is this contract cost effective?

In addition, SSA follows the following practices.

- Prior to awarding contracts, the contracting office reviewed the requirements to ensure that unauthorized personal services contracts or inherently governmental functions were not included in the purchase request.
- SSA requires a certified COR to be identified and assigned to each contract. Throughout the life of the contract, the COR continually monitors and evaluates performance, ensuring both that the services are completed in accordance with the terms of the contract and that the performance of service does not put the government at risk of overreliance.

3. Findings

OAG has determined that the service contract employees performing under these contracts are not performing any Inherently Governmental Functions, any Functions Closely Associated to Inherently Governmental Function, or any Critical Functions.

Furthermore, it has been determined that for each of the contracts analyzed SSA has sufficient internal agency resources to manage and oversee each of the contracts effectively.

The chart below summarizes the input of the COs and CORs on each of the specific responsibilities outlined in section 743(e)(2), which lays out the specific areas agencies are to consider in conjunction with reviewing their service contract inventory

§ 743(e) Review Responsibilities	SSA review results
(i) Each contract in the inventory that is a personal services contract has been entered into, and is being performed, in accordance with applicable laws and regulations.	<i>None of the contracts include personal services.</i>
(ii) The agency is giving special management attention, as set forth in FAR 37.114, to functions that are closely associated with inherently governmental functions.	<i>None of the contractors are performing closely associated with inherently governmental functions.</i>
(iii) The agency is not using contractor employees to perform inherently governmental functions.	<i>Contractors are not performing inherently governmental functions.</i>
(iv) The agency has specific safeguards and monitoring systems in place to ensure that work being performed by contractors has not changed or expanded during performance to become an inherently governmental function.	<i>Each contract is assigned a certified COR, who continuously reviews and monitors contractor performance to ensure that mission creep does not occur.</i>
(v) The agency is not using contractor employees to perform critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations.	<i>While contractors do perform critical functions, SSA has concluded that it has sufficient internal expertise both to maintain control of its operations and to manage the contractors that are supporting the federal employees.</i>
(vi) There are sufficient internal agency resources to manage and oversee contracts effectively.	<i>SSA staff members have sufficient internal expertise of IT processes and software engineering to oversee and manage these contracts.</i>

4. Actions Taken or Planned

Consistent with the findings, SSA determined no insourcing of work was necessary. SSA will continue to carefully manage and monitor its contracted work in accordance with law, regulation, and policy – including the new guidance set forth in OFPP Letter 11-01¹, which addresses the performance and management of inherently governmental and critical functions – to maintain the right balance between federal employees and contractors.

In our previous reviews, we have not identified contract issues requiring corrective actions.

5. Accountable Officials

Senior agency management official accountable for the development of agency policies, procedures, and training associated with OFPP Policy Letter 11-01 addressing the performance of inherently governmental and critical functions.	Pete Spencer Deputy Commissioner, Office of Budget, Finance, Quality, and Management
Official responsible for ensuring appropriate internal management attention is given to the development and analysis of service contract inventories.	Seth Binstock Associate Commissioner, Office of Acquisition and Grants

¹ OFPP Policy Letter 11-01, Performance of Inherently Governmental and Critical Functions, is available at http://www.whitehouse.gov/omb/procurement_index_work_performance/.

FY 2014 SCI Analysis Plan

The Social Security Administration has selected the following PSCs from its FY 2014 Service Contract Inventory for analysis as required by Office of Management and Budget memorandum entitled Service Contract Inventories, dated December 19, 2011.

PSC	FY 2014 Obligations	Number of Contracts
R408: Support - Professional: Program Management/Support	\$23,245,464	3

We selected the PSCs for analysis based on the criteria below:

- We considered PSCs within the OMB identified special interest functions.
- Large amount of obligations within these special interest functions.